

Message Text

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67

ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 PC-04 RSR-01 /109 W
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P 052249 Z APR 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 3933

UNCLAS SANTIAGO 1449

E. O. 11652: N/A

TAGS: CI, US, PFOR

SUBJECT: MAIRA AGAIN ON US- CHILE TALKS

1. SUMMARY. IN APR 5 ISSUE CONSERVATIVE WEEKLY QUE PASA, DEPUTY LUIS MAIRA (IC), MEMBER CHILEAN DELEGATION, REPLIES TO MAGAZINE'S INQUIRY ABOUT WHAT TRANSPIRED AT WASHINGTON TALKS. CONDENSED TRANSLATION MAIRA REMARKS AND QUE PASA COMMENTARY FOLLOWS. END SUMMARY.

2. MAIRA: " ONE MIGHT SPEAK OF DECEMBER SESSIONS AS ' EXPLORATORY' ROUND. EACH SIDE EXPOUNDED CRITERIA AND DEFENDED RIGHTS. INEVITABLY, THIS LED TO DIALOGUE BETWEEN DEAF. BEST TO BE HOPED FOR WAS THAT EACH COUNTRY WOULD REFINE ITS POSITION AND DEFINE AREA OF DISAGREEMENT. FOR USG, THIS SIGNIFIES INDEMINIFICATION POLICY ESPECIALLY ON COPPER (IN FACT, THERE WERE NO ALLUSIONS TO ITT CASE, FOR EXAMPLE). FOR THEM THERE IS QUESTION OF PRINCIPLES IN WHAT THEY CALL ' FAIR, REAL AND EFFECTIVE' INDEMNIFICATION, PAID IN DOLLARS AT TIME OF NATIONALIZATION AND IN WHICH EXCESS PROFITS DEDUCTIONS ARE NOT OPERABLE. CHILE, ON OTHER HAND, REITERATES SOVEREIGN NATURE ITS DECISIONS, HOLDS ITS INDEMNIFICATION MECHANISM SUFFICIENT AND CONSIDERS ' ALLENDE DOCTRINE' CONSISTENT WITH UN RESOLUTIONS AND CURRENT CONCEPT OF INTERNATIONAL LAW. ON OTHER HAND, US ATTITUDES CONCERN US (VETOES IN IFIS LIKE BID AND IBRD, LEGAL ACTIONS IN EUROPE AND VARIOUS OBSTACLES PLACED IN WAY OF OUR FOREIGN TRADE, SUCH AS REFUSAL TO FINANCE CERTAIN OPERATIONS WITH CHILE), TO EXTENT THAT THESE COINCIDE WITH WHAT OAS

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CHARTER CONSIDERS REPRISALS."

3. " TRYING FIND SOLUTION, CHILE PROPOSED APPLICATION 1914 TREATY... WHICH CONTEMPLATES A ONE- YEAR- LONG PROCEDURE FOR INVESTIGATION OF PROBLEM, SIX- MONTH CONCILIATION PERIOD, AND AN ARBITRATION OF THE DISAGREEMENTS. PRECISELY THE SLOWNESS OF PROCEDURES WOULD ALLOW TIME FOR MORE POSITIVE STANCES. ABRUPTNESS OF SECOND ROUND WAS RESULT US' REJECTION OF THIS COURSE WITHOUT PROPOSING ANOTHER, THEREBY REPEATING DIALOGUE OF THE DEAF."

4. ARTICLE THEN CONTINUES: " MAIRA BELIEVES THIS HAS CLOSED A STAGE. US HAS HARDENED (PERHAPS FROM FEAR OF PRECEDENTS) AND CHILEAN REVERSAL OF POSITION IS LEGALLY IMPOSSIBLE WITHOUT NEW CONSTITUTIONAL AMENDMENT. SOLUTIONS? THERE ARE THOSE WHO BELIEVE CHILE SHOULD INSIST THAT EXCESS PROFITS APPLIES ONLY TO COPPER AND THUS TRANQUILIZE

NOT ONLY OTHER CREDITORS BUT US AS WELL. OTHERS LEAN TOWARDS HARD LINE IN NEXT PARIS CONVERSATIONS (THEY WILL BE POSTPONED UNTIL JUNE) AGAINST WHAT THEY PERCEIVE TO BE US TACTIC OF MAINTAINING " MODULATED CONFLICT" WHICH HURTS US BUT DOESN' T EXPLODE... FAR LEFT IS PRESSURING FOR BREAK BUT PCCH SEEKS AN ARRANGEMENT."

5. TEXT BEING POUCHED ARA/ BC.
DAVIS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 05 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SANTIA01449
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730434/aaaahrar.tel
Line Count: 93
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 23 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Nov-2001 by averetam>; APPROVED <19 FEB 2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971201
Subject: MAIRA AGAIN ON US- CHILE TALKS
TAGS: PFOR, CI, US
To: ARA
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005